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USMC PPBS Cycle Analysis

01 November 2002

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USMC PPBS Cycle Analysis

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Purpose:

To examine changes to POM/Budget data throughout the PPBS cycle in order to compare the level of effort expended in POM/Budget development to the relative change in POM/Budget positions

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Assumptions

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Analysis focused on 2004 POM PPBS cycle

2 data points examined

- Presidential Budget – PBO3 (Jan 02)
- POM – OSD04 (Aug 02)

New and dropped Marine Corps Program Codes (MCPCs), those whose PB03 or OSD04 dollar value was $0, were excluded from analysis

Analysis was based upon dollar amounts totaled across the FYDP (FY04-FY09)

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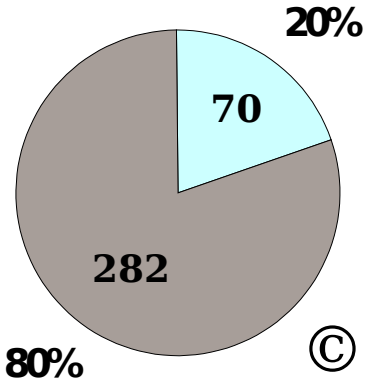
PB03 Data

431 MCPCs in PB03 Budget totaling $115B

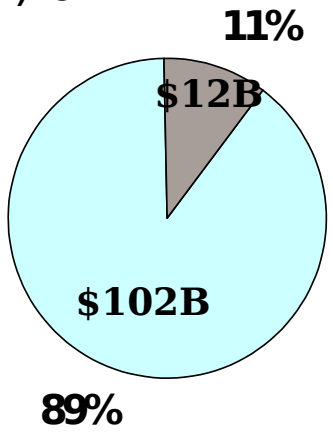
- During PB03-OSD04 Process:
  - 60 New MCPCs created
  - 19 MCPCs zeroed out

Leaving 352 MCPCs totaling $114B

- 20% of MCPCs (70) comprise 89% ($102B) of FYDP
- 80% of MCPCs (282) comprise 11% ($12B) of FYDP



MCPCs



FYDP $

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Top 20% (70) of MCPCs

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70 MCPCs totaling $102B account for 89% of the PB03 FYDP

- Relatively small number of MCPCs account for a large portion of FYDP $
- Smallest MCPC PB03 dollar value = $229 Million
- Average absolute change PB03 to OSD04 = $96 Million per MCPC

Effort spent manipulating the ***top 20%*** of MCPCs has the ***greatest impact*** on POM/Budget development

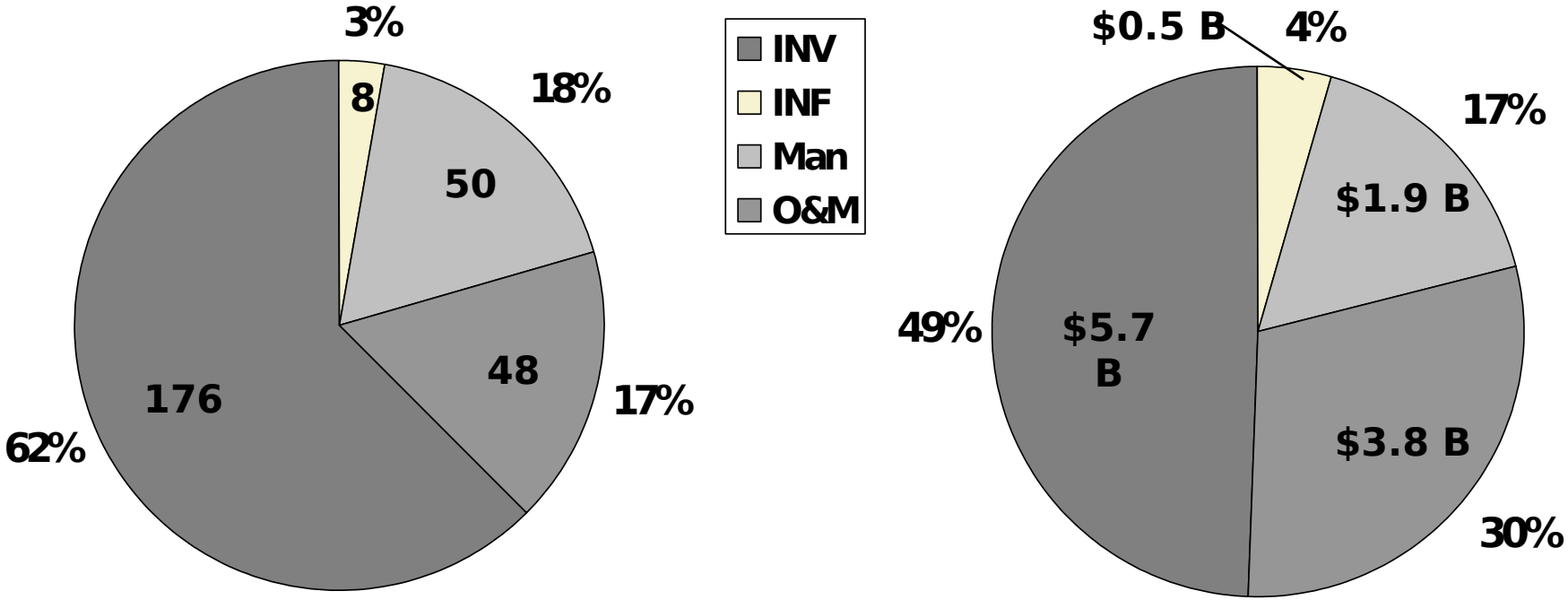
Bottom 80% (282) of MCPCs

282 MCPCs totaling $12B account for 11% of the PB03 FYDP

- Large number of MCPCs account for relatively small portion of FYDP $
- Smallest MCPC PB03 dollar value = $ .01 Million ($10K)
- Average absolute change = $13 Million per MCPC

Effort spent manipulating the ***bottom 80%*** of MCPCs has an almost ***insignificant impact*** on POM/Budget development

Bottom 80% of MCPCs by Area



MCPC $

FYDP $

Majority (62%) of small MCPCs are in Investment

Bottom 80% of MCPCs by Area

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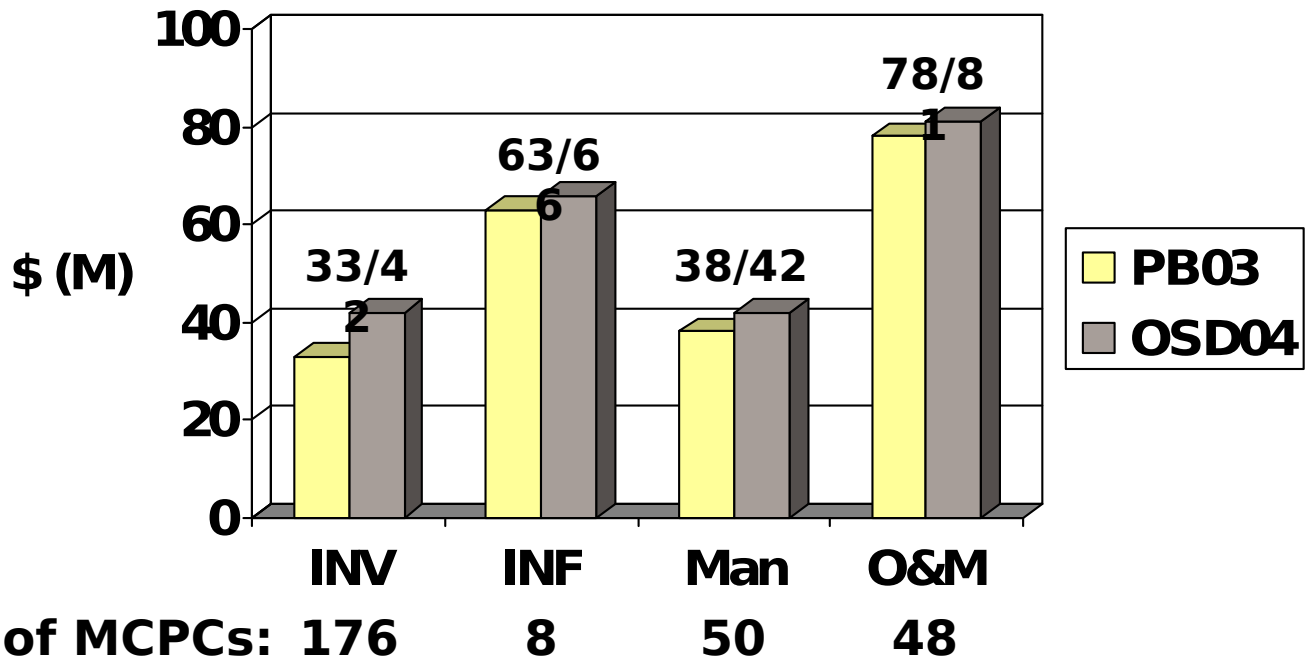
Average MCPC $ Value by Area



Investment: Many small $ MCPCs. Least average $ value per MCPC.

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Bottom 80% of MCPCs from PB03 to OSD04

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Of the 282 MCPCs from PB03-OSD04:

- Average net change = $7 Million per MCPC (across FYDP)
- 190 MCPCs (67%) changed by less than $5 Million (across FYDP)
  - $5 Million equates to 0.004% of PB03
  - Change of $5 Million spread over FYDP = $0.8 M per year

Numerous small dollar value changes are being made to MCPCs during the PB03-OSD04 POM/Budget process

Bottom 80% of MCPCs Amount Change from PB03-OSD04

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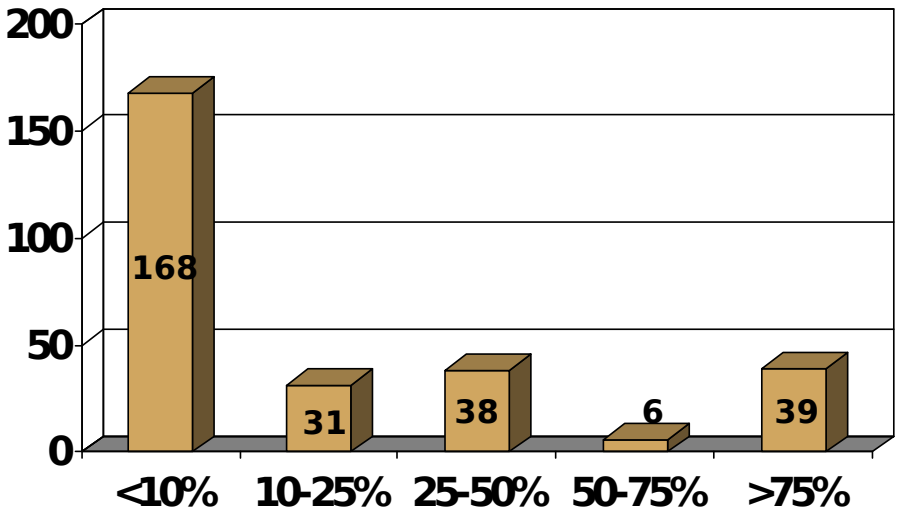
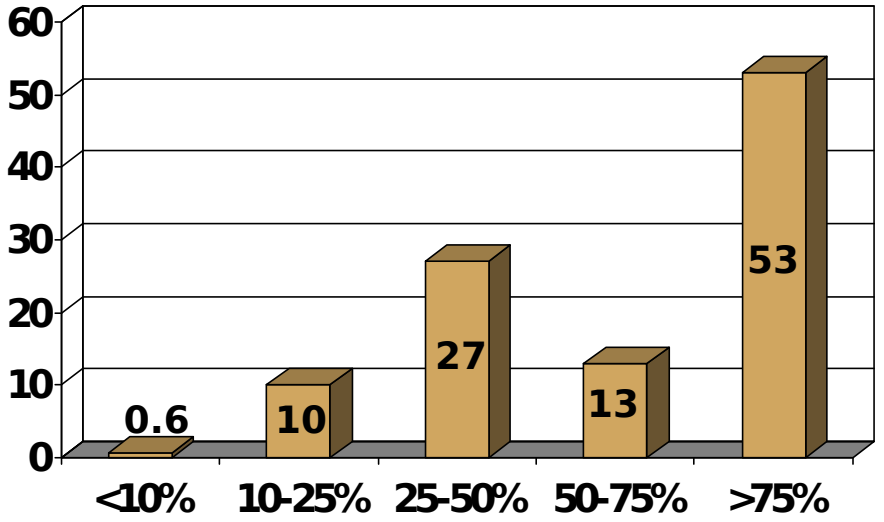
MCPCs by absolute % Change



Average abs $ Change (M) per LI



Numerous small percentage changes are being made to small dollar value MCPCs during the PB03-OSD04 POM/Budget process

Commercial Industry Budgeting

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General Electric CEO Jack Welch noted:

"Making small calls... is the easiest job in the world because I've got a big company. 'Small' means investments of a hundred million, ... seventy million. Making two-billion-dollar swings or five-billion-dollar swings ... where you change the game [is a huge challenge]..."

- GE is a $125 Billion dollar company (annual revenue) whose budget is roughly 8 times that of the annual USMC budget. Applying Welch's "small call" threshold ($100 Million) to the USMC FYDP (6 yrs) equates to $77 Million. Only 121 (34%) out of 352 MCPCs have a FYDP dollar value above $77 Million.

According to Welch's best practice, numerous MCPCs are "small calls"

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Note: Quote cited from "Changing PPBS"; Phase 2 Final Report, Business Executives for National Security (BENS).

Conclusions

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Analysis of FY02 PPBS data revealed:

- The majority of MCPCs accounted for a relatively small portion of FYDP $
- The amount of change made to the majority of MCPCs during the POM/Budget build was relatively insignificant

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Backup

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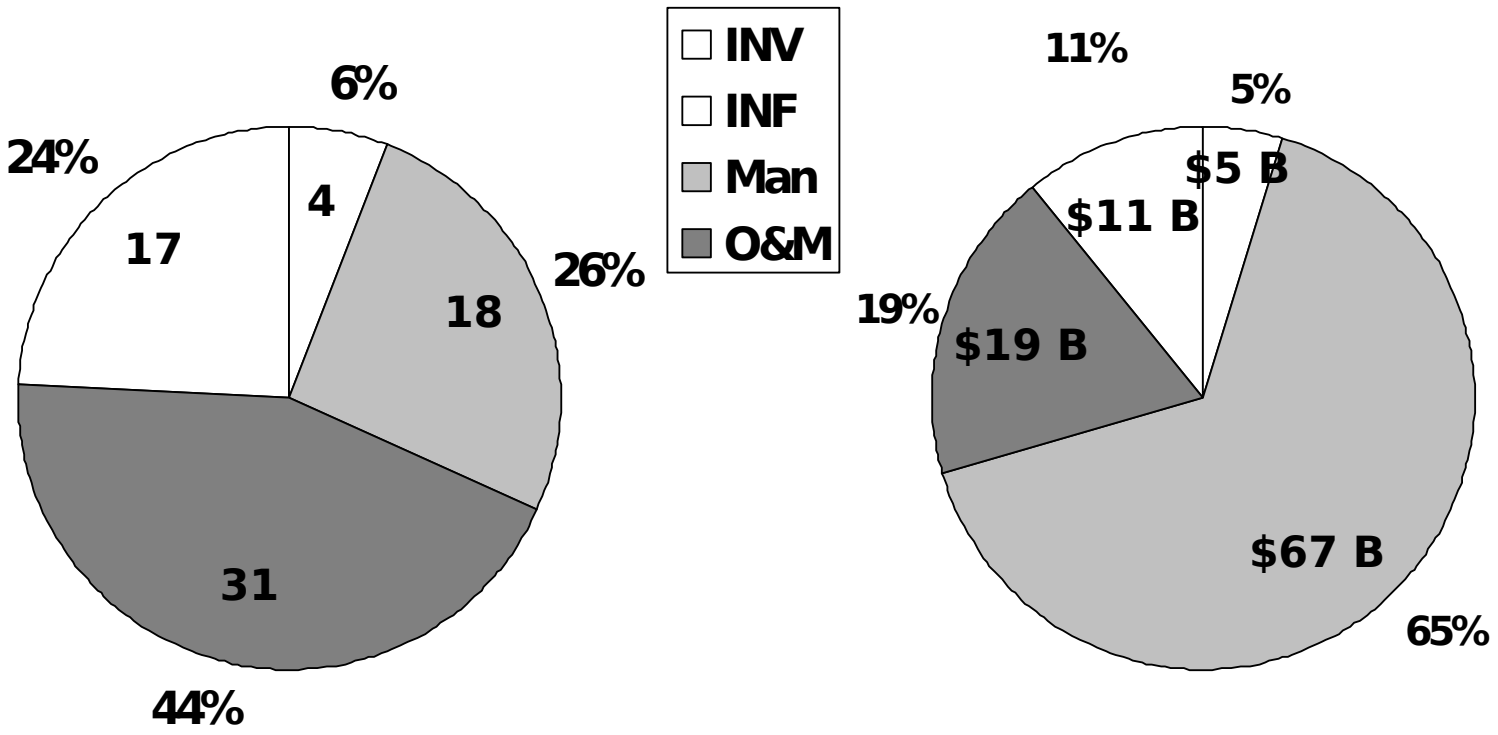
Top 20 % Analysis

Top 20% of MCPCs by Area



MCPCs

FYDP $

Manpower has only 26% (18) of MCPCs and yet accounts for 65% ($67 B) of PB03 FYDP dollars

Top 20% of MCPCs: Investment

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17 MCPCs (PB03 $ Value)

Area Title	Mission Area Title	MCPC Title	PB03
INV - Investment	21 - Direct Fire/ Maneuver	210398 - AAAV	$ 4,057,622
INV - Investment	24 - Fire Support	240602 - HIMARS	$ 1,058,746
INV - Investment	43 - Transportation	430498 - HMMWV A2	$ 864,773
INV - Investment	43 - Transportation	430598 - LVSR	$ 736,325
INV - Investment	24 - Fire Support	240398 - LtWt 155	$ 567,849
INV - Investment	32 - AntiAir Warfare	320300 - CLAWS	$ 512,907
INV - Investment	05 - Ammunition	053400 -	$ 442,508
INV - Investment	35 - C2 of Aircraft and Missiles	350299 - CAC2S	$ 335,799
INV - Investment	11 - C2 & C2 Support	110898 - MCCH	$ 317,520
INV - Investment	11 - C2 & C2 Support	115198 - UOC	$ 313,781
INV - Investment	21 - Direct Fire/ Maneuver	210202 -	$ 304,377
INV - Investment	80 - Research and Development	809198 - MCWL	$ 252,432
INV - Investment	43 - Transportation	439998 -	$ 251,599
INV - Investment	05 - Ammunition	050600 -	$ 232,525
INV - Investment	42 - Supply & Maintenance	422998 -	$ 229,586
INV - Investment	80 - Research and Development	809398 -	$ 229,413
INV - Investment	21 - Direct Fire/ Maneuver	212398 - SRAW	$ 229,310

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Top 20% of LIs: Infrastructure

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4 MCPCs (PB03 $ Value)

Area Title	Mission Area Title	MCPC Title	PB03
INF - Infrastructure	PA - Military Construction (Active)	P00001 - MilCon	$ 3,294,110
INF - Infrastructure	75 - Family Housing - Construction	750298 -	$ 1,072,629
INF - Infrastructure	76 - Family Housing - O & M	760398 -	$ 502,529
INF - Infrastructure	76 - Family Housing - O & M	760898 -	$ 453,780

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Top 20% of MCPCs: Manpower

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18 MCPCs (PB03 $ Value)

Area Title	Mission Area Title	MCPC Title	PB03
MAN - Manpower	90 - Military Personnel (Active)	900104 - Basic Pay	$28,797,632
MAN - Manpower	90 - Military Personnel (Active)	900304 - DHP Accrual	$11,290,724
MAN - Manpower	90 - Military Personnel (Active)	900204 - RPA	$ 7,791,635
MAN - Manpower	90 - Military Personnel (Active)	900404 - BAH	$ 6,513,731
MAN - Manpower	90 - Military Personnel (Active)	900804 - SSIC	$ 2,181,941
MAN - Manpower	90 - Military Personnel (Active)	900504 - BAS	$ 2,079,918
MAN - Manpower	90 - Military Personnel (Active)	905004 - PCS Travel	$ 1,859,461
MAN - Manpower	90 - Military Personnel (Active)	900604 - SIK	$ 1,234,227
MAN - Manpower	91 - Military Personnel (Reserve)	908504 - ADSW - RC	$ 931,048
MAN - Manpower	91 - Military Personnel (Reserve)	906204 - IADT-PGA	$ 726,451
MAN - Manpower	90 - Military Personnel (Active)	903504 - Sep Pay	$ 646,905
MAN - Manpower	90 - Military Personnel (Active)	903104 - OSA	$ 613,319
MAN - Manpower	90 - Military Personnel (Active)	903004 - U/C Allowance	$ 551,153
MAN - Manpower	91 - Military Personnel (Reserve)	906604 - DHP-PGA	$ 446,663
MAN - Manpower	91 - Military Personnel (Reserve)	907304 - ADT-PGF	$ 381,332
MAN - Manpower	90 - Military Personnel (Active)	902404 - SRB	$ 330,256
MAN - Manpower	90 - Military Personnel (Active)	906004 - Other MilPers	$ 269,034
MAN - Manpower	91 - Military Personnel (Reserve)	906104 - ADT-PGA	$ 258,906

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Top 20% of MCPCs: O&M

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Top 20 (PB03 $ value)

Area Title	Mission Area Title	MCPC Title	PB03
O&M - Operation & Maintenance	BS - Base And Station	640204 - FS	$ 3,206,049
O&M - Operation & Maintenance	BS - Base And Station	631802 - NMCI	$ 1,672,615
O&M - Operation & Maintenance	OP - Operating Forces	600104 - OTS	$ 1,183,349
O&M - Operation & Maintenance	BS - Base And Station	640104 - FRM	$ 929,790
O&M - Operation & Maintenance	SE - Other Support	671198 -	$ 886,940
O&M - Operation & Maintenance	BS - Base And Station	630298 -	$ 796,541
O&M - Operation & Maintenance	BS - Base And Station	630798 -	$ 758,333
O&M - Operation & Maintenance	SE - Other Support	680198 - DeCA	$ 614,319
O&M - Operation & Maintenance	SE - Other Support	660698 -	$ 598,020
O&M - Operation & Maintenance	SE - Other Support	620104 - SLPs, PIPs, MODs	$ 552,327
O&M - Operation & Maintenance	OP - Operating Forces	600404 -	$ 510,545
O&M - Operation & Maintenance	BS - Base And Station	630404 -	$ 509,979
O&M - Operation & Maintenance	SE - Other Support	660798 -	$ 501,676
O&M - Operation & Maintenance	BS - Base And Station	631398 - GME&VLP	$ 474,391
O&M - Operation & Maintenance	SE - Other Support	650198 - MPF	$ 458,055
O&M - Operation & Maintenance	BS - Base And Station	630004 -	$ 423,592
O&M - Operation & Maintenance	BS - Base And Station	630304 -	$ 420,500
O&M - Operation & Maintenance	BS - Base And Station	631198 -	$ 406,594
O&M - Operation & Maintenance	SE - Other Support	670698 - DFAS	$ 368,919
O&M - Operation & Maintenance	OP - Operating Forces	600798 - DLRs	$ 365,192

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Top 20% of MCPCs from PB03 to OSD04

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Of the 70 MCPCs from PB03-OSD04:

- Average net $ change = -$36 Million per MCPC (across FYDP)
- Average absolute $ change = $96 Million per MCPC
- Average net % change = -1 % per MCPC
- Average absolute % change = 14% per MCPC
- **The sum of absolute $ changes = 7 Billion**

$7 Billion in changes are made to 70 MCPCs during the POM/Budget process.

Top 20% of MCPCs Amount Change from PB03-OSD04

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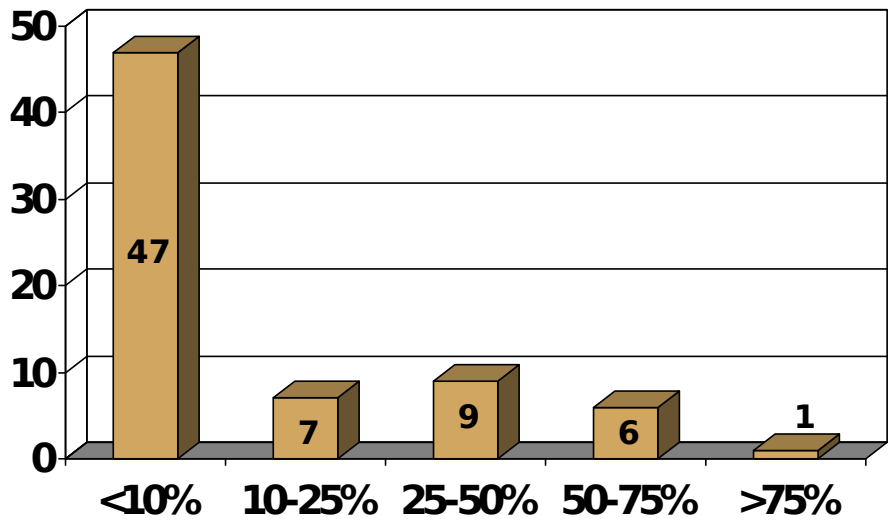
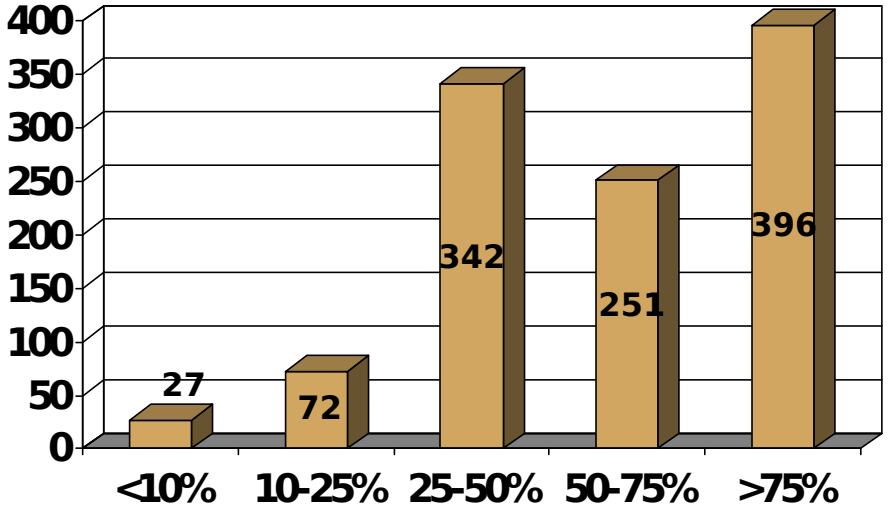
MCPCs by absolute % Change



Average absolute $ Change (M) per LI



Regardless of % change, large dollar value changes occur across the POM/Budget process for the top 20% of PB03 MCPCs.

Alternatives

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Establish POM/Budget "nucleus/principle MCPCs" consisting of bottom 80% of line items – these LIs remain unchanged during PPBS process

- Periodic review of "nucleus/principle MCPCs" during POM years only

Review only top 20% (70) MCPCs

- Review only MCPCs that have significant POM/Budget impact at HQ level. Push responsibility of smaller $ MCPCs down to lower organization levels.
- Establish a "Miscellaneous" budget allotment for lower level commands to manage small $ MCPCs

Reduce total number of MCPCs by consolidating small $ value MCPCs

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